GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5709
ANSWERED ON:07.04.2017
Cashless Transactions by MSMEs
Birla Shri Om

Will the Minister of FINANCE be pleased to state:

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 5709

TO BE ANSWERED ON 7TH APRIL, 2017/ CHAITRA 17, 1939 (SAKA)
CASHLESS TRANSACTIONS BY MSMEs
QUESTION
5709. SHRI OM BIRLA:

Will the Minister of FINANCE be pleased to state:

(a) whether according to a survey conducted by Credit Rating Information Services of India Limited (CRISIL) showed that Micro, Small and Medium Enterprises (MSMEs) located in tier-II cities and hinterland are shifting big way to cashless transactions post demonetisation; and

(b) if so, the details thereof along with the strategy adopted by the Government to sustain cashless transactions?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) Government has no information in this regard.

(b) To incentivize the States/UTs for promotion of digital transactions, it was decided that Central assistance of Rs. 50 crore would be provided to the districts for undertaking Information, Education and Communication (IEC) activities to bring 5 crore Jan Dhan accounts to digital platform. The fund allocation is based on proportion of Jan Dhan accounts of all States/UTs. Under the scheme an incentive @ Rs. 10/- is provided for every individual who has transited to digital payment mode and undertaken at least two successful transactions by any of the five digital payments modes viz: UPI, Rupay / Debit / Credit / Prepaid Cards, AEPS, USSD and E-Wallets. NITI Aayog has so far released an amount of Rs 15.06 crore to 533 Districts as first instalment.

In addition to above following measures were also taken to promote less cash payment:

â€¢ In order to facilitate wider acceptance of card payments, the following special measures for debit card transactions (including for payments made to Government) has been introduced for a temporary period between January1, 2017, till the issuance of final instructions on Merchant Discount Rate(MDR) for debt card transactions;
? For transactions upto ? 1000/-, MDR has been capped at 0.25% of the transaction value.
? For transactions above ? 1000/- and upto ?2000/-, MDR has been capped at 0.5% of the transaction value.

â€¢ Department of Payment and Settlement Systems (DPSS), Reserve Bank of India (RBI) has recently taken the following measures to promote digital transactions in the country:-

? In-principle approval given to NPCI for launching the Pilot of National Electronic Toll Collection (NETC) system for facilitating electronification of toll payments.

? NPCI has been accorded permission to go live for Unified Payments Interface (UPI).

? NPCI has also been given in-principle approval to launch the common app for UPI (BHIM) and also introduce USSD 2.0 which will be integrated with UPI for carrying out mobile banking payments using any type of handsets by registered customers.

? In-principle approval given to National Payments Corporation of India (NPCI) for launching the Common App for enabling Aadhaar-based merchant payments (Aadhaar Pay).

? All authorised card networks have been advised in September 2016 to standardise the QR code so that interoperability of transactions using this mechanism is possible. This interoperable QR (Quick Response) Code (Bharat QR) was launched on February 20, 2017.

? Customer convenience enhanced through rationalisation of mandate for additional factor of authentication for card not present transactions using network provided solutions.

? For facilitating interoperable bill payments in the country, the Bharat Bill Payment System (BBPS), NPCI has been given in-principle authorisation to act as Bharat Bill Payment Central Unit (BBPCU).

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